

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

IN THE MATTER OF THE LIQUIDATION OF
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.

LIQUIDATOR'S FIFTH INTERIM STATUS REPORT

Paula T. Rogers, Commissioner of Insurance of the State of New Hampshire and the duly appointed Liquidator of Tufts Health Plan of New England, Inc. in the above-captioned liquidation proceeding, for her Fifth Interim Status Report for the period ending April 30, 2001, states as follows:

1. This Court entered an Order of Liquidation on January 3, 2000 against Tufts Health Plan of New England ("TNE"). Under the Order, coverage under TNE policies ceased on February 2, 2000.¹
2. The Liquidator filed her First Interim Status Report on May 19, 2000; her Second Interim Status Report on September 1, 2000, covering the period from the commencement of this case through July 31, 2000; her Third Interim Status Report on December 1, 2000, covering the period from the commencement of this case through October 31, 2000; and her Fourth Interim Status Report on March 1, 2001, covering the period from the commencement of this case through January 31, 2001. Since the Fourth Interim Status Report, the Liquidator has continued the work of marshaling the assets of the liquidating estate, implementing the proof of claim process, supervising the wind-

¹ TNE was incorporated on or about January 31, 1995 as a health maintenance organization ("HMO") by certain parent and affiliate organizations: Tufts Health Plans, Inc., Tufts Affiliated Health Maintenance Organization, Inc., and TAHMO Holdings, Inc. These parent and affiliate organizations are collectively referred to in this Interim Report as "TAHMO."

down of TNE operations, and settling claims through an expedited NOD Process defined in the Plan of Liquidation and the Funding and Settlement Agreement approved by this court in its order dated December 28, 2000.

3. The Liquidator and her agents have reviewed the financial records of TNE, worked to identify additional assets, and have pursued conversion of non-liquid assets into cash. At April 30, 2001, cash and cash equivalents total \$29.6 million (including approximately \$1.5 million in special deposits (the “Special Deposits”) held in the ancillary proceeding pending against TNE in the State of Rhode Island. Additional assets of approximately \$1.9 million remain on TNE’s balance sheet. These assets include receivables primarily from risk sharing contracts with providers, and reinsurance receivables due from TNE’s former reinsurance carrier. The Liquidator’s agents continue to pursue additional unrecorded assets, but are unable at this time to project the anticipated net realizable value of those assets.

4. In total, 6,458 Proofs of Claims (or “POC’s”) were filed before the July 10, 2000 bar date previously established by the Liquidator, including 11 POC’s previously reported on a combined basis in the Liquidator’s Fourth Interim Status Report. Total amounts claimed on the face of the timely filed POCs, including amendments received thereto, now totals \$90,128,437. Of the 6,458 POC’s, 404 were filed with the amount owed as “unliquidated” or “unknown.” In addition, as of April 30, 2001, the Liquidator has received 203 POCs, with a total face amount of \$416,205 filed after the July 10 bar date. The POC’s have been inventoried, and an acknowledgement of receipt has been sent to all claimants. All timely filed POC’s are currently being matched to TNE’s books and records (as historically maintained by TAHMO) to determine

adjudicated claim values. With respect to late-filed POC's, the Liquidator has communicated with all holders of late-filed claims to determine whether good cause exists for the respective holders' failure to comply with the bar date, and will communicate her determination of that issue to each such holder separately.

5. The Funding and Settlement Agreement and the Plan of Liquidation also allow the Liquidator to implement an expedited claims settlement process described therein as the Pre-NOD Process. The Pre-NOD Process allows the Liquidator to settle and pay claims that meet certain criteria described in the Funding and Settlement Agreement, in an expeditious manner. As of April 30, 2001, the Liquidator has issued 2465 Pre-NOD's totaling \$7,475,123. As of April 30, 2001, the Liquidator has received 1690 Pre-NOD acceptances totaling \$4,628,401.

6. The Liquidator continues to support the Rhode Island Ancillary Receiver by providing information and data sufficient for required court filings. The Liquidator is currently gathering information to determine the total amounts claimed by Rhode Island claimants. Actuarial estimates of this amount initially forecast that less than \$500,000 in claims would be payable to Rhode Island residents. However, it currently appears that other claims based on PCP bonuses, minimum payment arrangements and other matters may increase claims payable from the Special Deposits by as much as \$500,000.

7. Between December 20, 1999 and April 30, 2001, the Liquidator paid approximately \$ 34 million in Class I administration costs, of which approximately \$22.4 million was paid to contracted providers for delivery of post-petition medical services and products to TNE members and subscribers. Additionally the Liquidator has paid approximately \$18.5 million in Proof of Claims settlements, (including \$14 million paid

to Bath Iron Works to settle its claim as set forth in the Funding and Settlement Agreement).

8. The Liquidator continues to use existing TNE and TAHMO claims payment systems to adjudicate all provider claims and to pay Class I contracted provider claims. As reported previously, in recognition of the reduced volume and scope of administrative services provided, the administrative fees payable and accruing to TAHMO in connection with its services rendered to the Liquidator in this proceeding were reduced, retroactive to April 1, 2000.

9. The Liquidator continues to place a priority on addressing member complaints throughout the liquidation process. To that end, the Liquidator previously established an accelerated process for resolving complaints received from members experiencing continued billings and collection efforts from medical providers. The accelerated process seeks to protect members from being inappropriately billed for services and/or from being pursued by collection agencies. The process continues to emphasize educating providers on the terms of the contractual agreements and statutes that protect members from inappropriate billing practices. The existence and goals of this complaint resolution process have been shared with the general public through public meetings. In addition, regulators from Maine and Rhode Island are forwarding such complaints to the Liquidator for quick resolution.

10. The Liquidator plans to continue her regular communication with all TNE subscribers, policyholders, providers, brokers or agents, general creditors and other claimants and interested parties, and continues to post significant developments in this

proceeding on the New Hampshire Insurance Department's web site,
www.state.nh.us/insurance.

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER
OF INSURANCE OF THE STATE OF
NEW HAMPSHIRE, AS LIQUIDATOR
OF TUFTS HEALTH PLAN OF NEW
ENGLAND, INC.

By her attorneys,

PHILIP T. MCLAUGHLIN
ATTORNEY GENERAL

Dated: May 31, 2001

Walter L. Maroney, Esquire
Senior Assistant Attorney General
Civil Bureau
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3658

SHEEHAN PHINNEY BASS + GREEN,
PROFESSIONAL ASSOCIATION

Dated: May 31, 2001

Bruce A. Harwood, Esquire
1000 Elm Street, P.O. Box 3701
Manchester, NH 03105-3701
(603) 627-8139

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of May, 2001, a copy of the foregoing Liquidator's Fifth Interim Status Report, was served upon the parties listed on the attached service list via first class mail, postage prepaid.

Bruce A. Harwood